

VZCZCXRO6257
PP RUEHROV
DE RUEHRH #1455/01 3061404
ZNY CCCCC ZZH
P 021404Z NOV 09
FM AMEMBASSY RIYADH
TO RUEHC/SECSTATE WASHDC PRIORITY 1825
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
RUEHNV/AMEMBASSY MONROVIA PRIORITY 0026
RUEHYN/AMEMBASSY SANAA PRIORITY 1696
RUEAIIA/CIA WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUEKDIA/DIA WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUMICEA/USCINCENT INTEL CEN MACDILL AFB FL PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 RIYADH 001455

SIPDIS

DEPT FOR SPECIAL ENVOY MITCHELL, NEA/ARP, NEA/IPA
EMBASSY SANAA FOR AMBASSADOR SECHE

E.O. 12958: DECL: 11/01/2019

TAGS: [EAID](#) [PREL](#) [KWBG](#) [SA](#)

SUBJECT: OVERVIEW OF SAUDI AND GCC FOREIGN ASSISTANCE

REF: A. MONROVIA 469
[B](#). MONROVIA 533
[C](#). RIYADH 1300

Classified By: Deputy Chief of Mission Susan L. Ziadeh for reasons 1.4
(b) and (d)

[1](#)1. (U) This is an action request. Please see paragraph 11.

Summary

[1](#)2. (C) The Saudi Fund for Development is heavily involved in assistance to Africa, working in a broad range of countries on projects in agriculture, education, and health. They are interested in moving forward on the Liberian port rehabilitation, but do not have the authority to forgive previous loans. In Iraq and Afghanistan, the SFD finds the operating environment difficult, but claims it is still willing to engage. The GCC has delegated day-to-day decisions related to Gaza reconstruction to the Islamic Development Bank (IDB) and is interested in holding a Yemen donors conference early next year. End summary.

Saudi Fund Engaged in Broad Range of Projects Across Africa

[1](#)3. (SBU) During an October 27 meeting, Yousef Al-Bassam, Managing Director of the Saudi Fund for Development (SFD), provided Econcouns with an overview of the Kingdom's foreign assistance programs. Since 1975, the SFD has been active in 73 countries, including 43 African countries, and has issued almost \$8 billion in soft loans. This does not include grants they have overseen, such as the \$1 billion pledged to Gaza in January 2009 or the \$1 billion pledged to Yemen during November 2006. During the past year, the Fund has increased its lending by 33 percent, despite the economic downturn.

[1](#)4. (SBU) In Africa, the SFD frequently co-finances projects with other donors. According to Fawzi Al-Saud, responsible for water projects in several countries in the African Sahel, the Fund evaluates projects for which governments have requested financing and then determines whether or not they will provide assistance; but does not actively push countries towards certain projects. He said projects for which funds are requested in Africa are typically dams, roads, agricultural projects (including irrigation), school construction, and health facility construction.

Liberia: Still Negotiating

15. (C) When asked specifically about whether the SAG would be willing to renegotiate Liberian debt, thus allowing the SFD to move forward with funding a port renovation project in Monrovia (see refs A and B), Al-Bassam responded that they are still involved in negotiations regarding payment, but that any decision on debt forgiveness rested with the Ministry of Finance and the Royal Court. The SFD itself is prohibited by its charter from writing off loans. He also cited frequent turnover in the Liberian officials they deal with as an obstacle to successful negotiations, and noted SFD is still waiting for Liberian answers to technical questions.

Iraq and Afghanistan: Difficult Operating Environment

16. (C) Al-Bassam said the Fund is willing to work in Iraq, but the main problem is a failure on the part of the GOI to submit projects for review. Al-Bassam also cited security concerns for contractors as problems in both Iraq and Afghanistan. He said the SFD is currently considering new projects in education in Afghanistan.

GCC Delegates Gaza to IDB, Working Hard on Yemen

17. (C) While discussing GCC coordination of reconstruction aid to Gaza on October 28, Director General for International Economic Relations Dr. Abdel Aziz Al-Uwaisheg told Econcouns

RIYADH 00001455 002 OF 002

the GCC had delegated oversight of "day-to-day" issues (related to this aid) to the Islamic Development Bank (IDB) in Jeddah. When asked about a scheduled October 26 meeting to discuss the release of the first tranche of the \$1.6 billion pledged by GCC countries (see ref C), Al-Uwaisheg said this meeting had taken place at the IDB and if we wanted further details, we should check with them. Also, he confided that the European Union had approached the GCC with the recommendation that they channel their \$1.6 billion in contributions through an EU mechanism; to which the GCC responded that their members had contributed far more than the EU, so why should they let them (the EU) administer its delivery?

18. (C) Al-Uwaisheg also told us the GCC is very concerned about developments in Yemen, and wants to help. The Secretary General was very concerned by what he saw in his September trip. The GCC is considering calling for a donors conference on Yemen in late January or February in response to the Secretary's comments during her September 26 meeting with the GCC 3 in New York. He said the conference is likely to discuss obstacles to the effective delivery of aid in Yemen and what could be done to overcome some of these obstacles. He also requested USG assistance in identifying what obstacles we may have encountered. Al-Uwaisheg said the GCC had hired an outside consultant to prepare a report on this subject and expected the report to be complete by late January. Al-Uwaisheg said it is very troubling that the Yemen government has pushed back its current development plan by 2 years, which suggests it is falling rapidly behind in implementing key development programs needed to keep the country together.

Comment

19. (C) Al-Bassam made it clear he is open to working with us on building a stronger partnership on foreign assistance. The SFD has shown itself willing to meet frequently and provide concrete responses to our inquiries.

110. (C) The GCC's delegation of routine operations in Gaza to the IDB is a positive sign as the IDB generally conducts its

project tenders in an open and transparent manner. That said, they have also worked in the past with implementing partners about whom the USG has concerns. We will continue to closely monitor the SAG's, the GCC's, and the IDB's efforts towards Gaza reconstruction. End comment.

Action Request

¶11. (C) Post requests the Department's assistance in identifying any documentation or evaluation of obstacles to foreign assistance delivery in Yemen that Post can share with the GCC Secretariat in response to their request.
SMITH